

PROPOSED REGULATORY LANGUAGE

Adopt Sections 15, 15.1, 15.2, 15.3 and 15.4 in Article 2.5 of Division 1 of Title 16 of the California Code of Regulations to read:

Article 2.5 – Retired Status

Section 15 – Retired Status

(a) Upon application to the Board and compliance with this Article and Section 5070.1 of the Business and Professions Code, a licensee may have his or her license placed in a retired status. This Article shall not prohibit a holder of a license in a retired status from receiving a share of the net profits from a public accounting firm or other compensation from a public accounting firm, provided that the licensee does not otherwise engage in the practice of public accountancy.

(b) Failure to maintain compliance with this article and Sections 5058.3 or 5070.1 of the Business and Professions Code is unprofessional conduct and grounds for revocation or discipline of the retired license.

Note: Authority cited: Sections 5010 and 5070.1, Business and Professions Code.
Reference: Sections 5058.3, 5070.1, 5100, and 5109, Business and Professions Code.

Section 15.1 – Application for Retired Status

(a) To be eligible for a license in a retired status, ~~A~~ a licensee of the Board shall submit a completed application to the Board on Form 11R-48 (11/11) which is hereby incorporated by reference.

(b) A licensee applying to have his or her license placed in a retired status shall have held a license as a certified public accountant or public accountant in the United States or its territories for a minimum of twenty total years; and during those twenty years, from the Board for a minimum of five years in an active status. Failure to meet the requirements of this Article and Section 5070.1 of the Business and Professions Code is grounds for denial of the application.

(c) In order to place a license in a retired status, an applicant shall pay the application fee required by Section 70(i)(1).

Note: Authority cited: Sections 5010 and 5070.1, Business and Professions Code.
Reference: Section 5070.1, Business and Professions Code.

Section 15.2 – Renewal of a License in a Retired Status

(a) A licensee shall renew a license in a retired status during the same time period in which a license in an active status is renewed as described in Section 5070.5 of the Business and Professions Code.

(b) At the time of renewal, the holder of a license in a retired status is exempt from paying the renewal fee described in Section 70(e).

(c) At the time of renewal, the holder of a license in a retired status is exempt from the Board's continuing education requirements described in Section 87.

Note: Authority cited: Sections 5010 and 5070.1, Business and Professions Code.
Reference: Section 5070.1 and 5070.5, Business and Professions Code.

Section 15.3 – Restoration of a License from a Retired Status to Active Status

(a) At the time of renewal, the holder of a license in a retired status may restore his/ or her license to an active status by paying the fee described in Section 70(i)(2) and complying with the continuing education requirements as described in Section 87. A minimum of 20 hours of continuing education shall be completed in the one-year period immediately preceding the time of renewal, 12 hours of which must be in subject areas described in Section 88(a)(1).

(b) The holder of a license in a retired status may restore the license to an active status prior to the next renewal by paying the fee described in Section 70(i)(2) and by meeting the continuing education requirements as described in Section 87.1.

Note: Authority cited: Sections 5010 and 5070.1, Business and Professions Code.
Reference: Section 5070.1, Business and Professions Code.

Section 15.4 – Limitation on Retired Status

A licensee may be granted a license in a retired status under this Article on no more than two separate occasions.

Note: Authority cited: Sections 5010 and 5070.1, Business and Professions Code.
Reference: Section 5070.1, Business and Professions Code.

Amend Sections 70 and 71 in Article 10 of Division 1 of Title 16 of the California Code of Regulations to read:

Section 70 – Fees

(a) Commencing January 23, 2004, the fee to be charged each California applicant for the computer-based Uniform Certified Public Accountant Examination shall be an application fee of \$100 for issuance of the Authorization to Test to first-time applicants and an application fee of \$50 for issuance of the Authorization to Test to repeat applicants.

(b) Commencing July 1, 2001, the fee to be charged each applicant for issuance of a certified public accountant certificate shall be \$250.

(c) The fee to be charged each applicant for registration, including applicant for registration under a new name as a partnership or as a corporation, shall be \$150.

(d)(1) Commencing July 1, 2000, the fee to be charged each applicant for the initial permit to practice as a partnership, a corporation, or a certified public accountant shall be \$200.

(2) Commencing July 1, 2011, the fee to be charged each applicant for the initial permit to practice as a partnership, a corporation, or a certified public accountant shall be \$120.

(3) Commencing July 1, 2015, the fee to be charged each applicant for the initial permit to practice as a partnership, a corporation, or a certified public accountant shall be \$200 unless subsection ~~(i)~~ (j) applies.

(e)(1) Commencing July 1, 2000, the fee to be charged each applicant for renewal of a permit to practice as a partnership, a corporation, a public accountant, or a certified public accountant shall be \$200.

(2) For licenses expiring after June 30, 2011, the fee to be charged each applicant for renewal of a permit to practice as a partnership, a corporation, a public accountant, or a certified public accountant shall be \$120.

(3) For licenses expiring after June 30, 2015, the fee to be charged each applicant for renewal of a permit to practice as a partnership, a corporation, a public accountant, or a certified public accountant shall be \$200 unless subsection ~~(i)~~ (j) applies.

(f) The fee for the processing and issuance of a duplicate copy of a certificate of licensure or registration shall be \$10.

(g) The fee for processing and issuance of a duplicate copy of a registration, or permit or other form evidencing licensure or renewal of licensure shall be \$2.

(h)(1) The fee to be charged an individual for submission of a Practice Privilege Notification Form pursuant to Business and Professions Code Section 5096 with an authorization to sign attest reports shall be \$100.

(2) The fee to be charged an individual for submission of a Practice Privilege Notification Form pursuant to Business and Professions Code Section 5096 without an authorization to sign attest reports shall be \$50.

(i) (1) The fee to be charged a licensee for submission of an application for a license in a retired status pursuant to Section 15.1 shall be \$100.

(2) The fee to restore a license from a retired status to an active status shall be based on the amount of time that has elapsed since the retired status was granted to the time a written request for a restoration and the restoration fee is received by the Board is as follows:

(A) 24 months and less - \$200;

(B) 24 months and one day to 48 months - \$400;

(C) 48 months and one day to 72 months - \$600;

(D) 72 months and one day to 96 months - \$800;

(E) More than 96 months - \$1000.

~~(i)~~ (j) By May 31, 2014, the Board shall conduct a review of its actual and estimated costs. Based on this review, the Board shall determine the appropriate level of fees for the initial permit to practice pursuant to subsection (d) and renewal of the permit to practice pursuant to subsection (e) in order to maintain the Board's contingent fund reserve balance at an amount equal to approximately nine months of estimated annual authorized expenditures. If the Board determines that fees of less than \$200 are

indicated, the Board shall fix the fees by regulation at the indicated amounts by July 1, 2015.

Note: Authority cited: Sections 5010 and 5134, Business and Professions Code.
Reference: Sections 122, 163, 5070.1, 5096, and 5134 Business and Professions Code.

Section 71 – Abandonment of the Application

(a) An applicant for the paper and pencil examination who fails to appear for the examination shall be deemed to have abandoned the application and shall forfeit the examination fee.

(b) A first-time applicant for an Authorization to Test pursuant to Section 8.1 shall be deemed to have abandoned the application and shall forfeit any application fee if the applicant fails to complete the application within one year of notification by the Board of any deficiency in the application.

(c) An application for a certificate, permit, registration, or license, including any application for renewal or retired status, shall be deemed abandoned and any application fee shall be forfeited, if the applicant fails to complete the application within two years of its original submission or within one year of notification by the Board of any deficiency in the application.

Note: Authority cited: Sections 5010 and 5018, Business and Professions Code.
Reference: ~~Section~~ Sections 5010, 5070.1, and 5134, Business and Professions Code.

Amend Section 87.1 in Article 12 of Division 1 of Title 16 of the California Code of Regulations to read:

Section 87.1 – Conversion or Restoration to Active Status Prior to Renewal

(a) A licensee who has ~~renewed his/her~~ a license in an inactive or retired status may convert, or restore, the license to an active status prior to the next license expiration date by (1) completing 80 hours of continuing education credit as described in Section 88, to include the Ethics Continuing Education Requirement described in Section 87(b), within the 24-month period prior to converting to active status, of which a minimum of 20 hours shall be completed in the one-year period immediately preceding conversion to an active status, with a minimum of 12 hours in subject areas described in subsection (a)(1) of Section 88; (2) completing the regulatory review course described in Section 87.8 if more than six years have elapsed since the licensee last completed the course; (3) applying to the Board in writing requesting to convert the license to an active status; and (4) completing any continuing education that is required pursuant to subsection (j) of Section 89. The licensee may not practice public accounting until the application for conversion of the license to an active status has been approved.

(b) A licensee who, during the 24 months prior to converting his/her license to an active status, planned, directed, or conducted substantial portions of field work, or reported on

financial or compliance audits of a governmental agency shall complete 24 hours of continuing education in governmental accounting and auditing as described in Section 87(c) as part of the 80 hours of continuing education required to convert his/her license to an active status under subsection (a). A licensee who meets the requirements of this subsection shall be deemed to have met the requirements of subsection (c).

(c) A licensee who, during the 24 months prior to converting his/her license to an active status, planned, directed, or performed substantial portions of the work or reported on an audit, review, compilation, or attestation service shall complete 24 hours of continuing education in accounting and auditing as described in Section 87(d) as part of the 80 hours of continuing education required to his/her license to an active status under subsection (a).

(d) A licensee who must complete continuing education pursuant to subsections (b) and/or (c) of this section shall also complete an additional eight hours of continuing education specifically related to the detection and/or reporting of fraud in financial statements as described in Section 87(e). This continuing education shall be part of the 80 hours of continuing education required by subsection (a), but shall not be part of the continuing education required by subsections (b) or (c).

(e) Once a license is converted to an active status, the licensee must complete 20 hours of continuing education as described in Section 88 for each full six month period from the date of license conversion to an active status to the next license expiration date in order to fulfill the continuing education requirement for license renewal. If the time period between the date of change to an active status and the next license expiration date is less than six full months, no additional continuing education is required for license renewal.

(f) Once a license is converted to an active status, a licensee who engages in financial or compliance auditing of a governmental agency at any time between the date of license conversion to an active status and the next license expiration date shall complete six hours of governmental continuing education as part of each 20 hours of continuing education required under subsection (e). Continuing education in the areas of governmental accounting and auditing shall meet the requirements of Section 87(c). A licensee who meets the requirements of this subsection shall be deemed to have met the requirements of subsection (g).

(g) Once a license is converted to an active status, a licensee who engages in audit, review, compilation, or attestation services at any time between the date of license conversion to an active status and the next license expiration date shall complete six hours of continuing education in accounting and auditing as part of each 20 hours of continuing education required under subsection (e). Continuing education in the areas of accounting and auditing shall meet the requirements of Section 87(d).

Note: Authority cited: Sections 5010, 5027, and 5070.1, Business and Professions Code. Reference: Sections 5028 and 5070.1, Business and Professions Code.

Application to have a License Placed in Retired Status
Application Fee \$100

NAME	LICENSE NUMBER	EMAIL ADDRESS (OPTIONAL)
ADDRESS OF RECORD		HOME/CELL PHONE NUMBER
CITY, STATE, ZIP		BUSINESS PHONE NUMBER

1. Do you declare that you do not intend to practice public accountancy with a license in a retired status? ☐ YES ☐ NO
2. Do you declare that you are not aware of any pending or current enforcement action against your license? ☐ YES ☐ NO
3. Have you held a license as a certified public accountant or public accountant in the United States or its territories for a minimum of twenty total years? If yes, please complete the table below. ☐ YES ☐ NO

State or Territory in which license was held	License Number	Number of years license held

4. Have you held a California certified public accountant or public accountant license in an active status for a minimum of five years? ☐ YES ☐ NO

I hereby certify, under penalty of perjury under the laws of the State of California, that all statements, answers, and representations on this form are true, complete, and accurate.

Signature: _____ Date: _____

PERSONAL INFORMATION COLLECTION NOTICE: The information provided in this form will be used by the California Board of Accountancy, to determine qualifications for a Retired Certified Public Accountant/Public Accountant License. Sections 5009, 5026 through 5029, 5060, 5070 through 5079, and 5150 through 5158 of the Business and Professions Code authorize the collection of this information. Failure to provide any of the required information is grounds for rejection of the form as being incomplete. Information provided may be transferred to the Department of Justice, a District Attorney, a City Attorney, or to another government agency as may be necessary to permit the CBA, or the transferee agency, to perform its statutory or constitutional duties, or otherwise transferred or disclosed as provided in Civil Code Section 1798.24. Each individual has the right to review his or her file, except as otherwise provided by the Information Practices Act. The Executive Officer of the CBA is responsible for maintaining the information in this form, and may be contacted at 2000 Evergreen Street, Suite 250, Sacramento, CA 95815, telephone number (916) 263-3680 regarding questions about this notice or access to records.